

**NOTICE OF PREPARATION OF A DRAFT  
ENVIRONMENTAL IMPACT REPORT FOR THE  
DOWNTOWN STRATEGY 2000 UPDATE (DOWNTOWN STRATEGY 2040)  
REVISED MARCH 2017**

## **1.0 INTRODUCTION**

The purpose of an Environmental Impact Report (EIR) is to inform decision-makers and the general public of the environmental effects of a proposed project that an agency may implement or approve. The EIR process is intended to provide information sufficient to evaluate a project and its potential for significant impacts on the environment, to examine methods of reducing adverse impacts, and to consider alternatives to the project.

The *San José Downtown Strategy 2000 Plan* (Downtown Strategy 2000) is an integrated strategic urban design plan (2000-2010) that focuses on the revitalization of Downtown San José by envisioning higher density infill development and replacement of underutilized uses within the boundaries of Downtown. The Downtown Strategy 2000 is **not** a land use document per se, but a vision or action guide for development activities in Downtown planned for 2000-2020.

The proposed project includes substantial changes to the amount of residential and office development contemplated in the Downtown Strategy and brings the Strategy into conformance with the Envision San José 2040 General Plan. Therefore, the Downtown Strategy 2040 EIR will utilize any pertinent information included in the Downtown Strategy 2000 EIR and the Envision San José 2040 General Plan EIR to the extent possible. While the boundaries of the Downtown will be slightly modified by the proposed project, the vast majority of the Downtown Strategy area is within the boundaries of the approved Downtown Strategy 2000 Project.

A Program EIR is an EIR which may be prepared on a series of actions that can be characterized as one large project and are related: 1) geographically; 2) as a chain of contemplated actions; 3) in connection with the issuance of rules, regulations, plans or other general criteria to govern the conduct of a continuing program; or 4) as individual activities carried out under the same regulatory authority and having generally similar environmental effects. If the lead agency finds that pursuant to Section 15162 of the CEQA Guidelines, no new significant effects could occur and no new mitigation measures would be required, the agency can approve the activities as being within the scope of the project covered by the Program EIR and new environmental review would not be required.

The Downtown Strategy 2040 EIR will be both a project-level and program-level EIR. The EIR will evaluate the impacts of construction of Downtown development projects to approximately the Year 2025. It will also evaluate proposed development consistent with the Envision 2040 General Plan (program-level). The project also includes General Plan Land Use Transportation Diagram and text changes to bring the 2040 General Plan up-to-date in terms of development proposed Downtown.

The EIR for the proposed Downtown Strategy will be prepared and processed in accordance with the California Environmental Quality Act (CEQA) of 1970, as amended and the requirements of the City of San José. In accordance with the requirements of CEQA, the EIR will include the following:

- A project description;
- A description of the existing environmental setting, probable environmental impacts, and mitigation measures;
- Alternatives to the project as proposed; and
- Environmental consequences, including (a) any significant environmental effects which cannot be avoided if the project is implemented; (b) any significant irreversible and irretrievable commitments of resources; (c) the growth-inducing impacts of the proposed project; and (d) cumulative impacts.

The Downtown Strategy 2000 document is available for review at:

<http://www.sjredevelopment.org/PublicationsPlans/Strategy2000.pdf>. The current Strategy 2000 EIR can be found on the City's "Completed EIRs" website at:

<http://www.sanjoseca.gov/index.aspx?nid=2434>.

A previous NOP for the DEIR was circulated to local, state, and federal agencies on October 6, 2015 and two public scoping meetings were held on October 26, 2015 and October 28, 2015. Due to changes to the project description (primarily the addition of three million square feet of office development consistent with General Plan 4-Year Review recommendations (City Council Memo for December 13, 2016 [http://sanjose.granicus.com/MetaViewer.php?view\\_id=&event\\_id=2662&meta\\_id=604932](http://sanjose.granicus.com/MetaViewer.php?view_id=&event_id=2662&meta_id=604932)), the NOP was revised and is now being recirculated for the standard 30-day comment period. The City of San Jose will also hold additional scoping meetings as shown on the NOP cover sheet to discuss the revised project and solicit public input as to the scope and contents of the DEIR. Appendix A of the DEIR will include both NOPs and all of the comments received during the circulation periods.

## **2.0 PROJECT BACKGROUND**

On June 21, 2005, the City Council certified the Strategy 2000 EIR (Resolution No. 72767) and adopted the Downtown Strategy 2000 (Resolution No. 72766), which provided a vision for future housing, office, commercial, and hotel development within Downtown consistent with the San José 2020 General Plan. Downtown Strategy 2000 is a strategic redevelopment plan with a planning horizon of 2000-2010 that focuses on the revitalization of Downtown San José by supporting higher density infill development and replacement of underutilized properties.

The Downtown Strategy 2000 established a set of guiding principles of broad goals and objectives for the future development of Downtown as follows:

- 1) Make the Greater Downtown a Memorable Urban Place to Live, Work, Shop, and Play;
- 2) Promote the Identity of Downtown San José as the Capital of Silicon Valley;
- 3) Create a Walkable, Pedestrian-Friendly Greater Downtown; and
- 4) Promote and Prioritize Development that Serves the needs of the Entire City and Valley.

The Strategy 2000 Plan includes and integrates the following detailed plans and programs that were prepared subsequently to implement its vision, including, but not limited to:

1. South First Area (SoFA) Strategic Development Plan
2. Diridon/Arena Area Strategic Development Plan
3. Guadalupe River Park Master Plan 2002

4. Downtown Streetscape Master Plan
5. Downtown Design Guidelines
6. Downtown Parking Management Plan
7. Downtown Access and Circulation Study

Some of these plans have been implemented or recently revised, e.g. the Diridon Area Station Plan (DSAP August 2014). The implementation of others remains on-going.

The Downtown Strategy 2000 EIR evaluated the traffic generated by overall Downtown development until 2020. Development capacity was divided into four phases of equal size with transportation improvements to mitigate traffic impacts tied to each phase as identified in the traffic analysis. The overall development capacity in the Strategy 2000 EIR was as follows:

- 11.2 million square feet of office development (2.8 million square feet per phase)
- 8,500 residential units (2,125 units per phase)
- 1.4 million square feet of retail development (350,000 square feet per phase)
- 3,600 hotel rooms (900 rooms per phase)

While the four development phases were initially equal in size, two subsequent Addenda to the Strategy 2000 EIR were prepared (10/8/2014 and 7/15/2016) that shifted residential and office development capacities in the first two phases, as shown in Table 1. These shifts in development capacity were in response to changes in market demand for residential units and office space Downtown since the adoption of Strategy 2000. The phasing of retail space and hotel guest rooms was not changed. The two Addenda did not change the total development capacity envisioned in the Downtown Strategy 2000.

While Downtown intersections are exempt from Council Policy 5-3, the City's Level of Service policy, traffic analyses were completed and included in the Addenda to demonstrate that the shifting of development in the first and second phases would not result in additional or different traffic impacts than those previously identified in the Strategy 2000 EIR.

<b>TABLE 1</b> <b>CURRENT ADJUSTED DOWNTOWN STRATEGY 2000 DEVELOPMENT PHASES</b> <b>AUGUST 2016</b>					
	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>	<b>Total</b>
<b>Office (sq. ft.)</b>	2 million	3.6 million	2.8 million	2.8 million	11.2 million
<b>Residential Units</b>	7,500	334	333	333	8,500
<b>Retail (sq. ft.)</b>	350,000	350,000	350,000	350,000	1.4 million
<b>Hotel Guest Rooms</b>	900	900	900	900	3,600

The Strategy 2000 EIR stated that public funds were to be allocated towards the construction of identified transportation improvements prior to the build-out of each development phase. The Mitigation Monitoring and Reporting Program (MMRP) for the project identified the City as having

implementation responsibility of the traffic mitigation with the Director of the Department of Planning, Building, and Code Enforcement (PBCE) and the Director of Transportation (DOT) providing oversight responsibility. The transportation improvements were to be funded by the Redevelopment Agency. With the dissolution of the Redevelopment Agency by the State of California in 2012, the City is now responsible for identifying other sources of funding for these improvements, such as regional contributions, transportation impact fees, or financing districts.

As of August 2016, approved and/or constructed residential development in Downtown is now approaching residential capacities identified in Phase 1 (7,500 residential units), as shown in Table 2 below. However, the required Phase 1 traffic mitigation from the Strategy 2000 EIR (including the widening of Coleman Avenue from Autumn Parkway to Hedding Street) has not been completed and is not programmed within the City's five-year Traffic Capital Improvement Program (CIP).

Without implementation of the traffic mitigation, development beyond Phase 1 cannot proceed under the current Strategy 2000 EIR (with Addenda) and future projects would need to prepare individual EIRs or other CEQA documents to receive approvals, potentially delaying development that would benefit the fiscal health of the City.

<b>TABLE 2 DOWNTOWN DEVELOPMENT AS OF FEBRUARY 2017</b>				
<b>Land Use</b>	<b>Overall Current Downtown Strategy 2000</b>	<b>Downtown Strategy 2000 Phase 1*</b>	<b>Development Completed or Currently on File<sup>1</sup></b>	<b>Remaining Development Capacity in Phase 1</b>
<b>Residential</b> (in units)	8,500	7,500	6,549	951 <sup>1</sup>
<b>Office</b> (in sf)	11.2 million	2 million	1,195,649	804,351
<b>Retail</b> (in sf)	1.4 million	350,000	258,512	91,488
<b>Hotel</b> (in rooms)	3,600	900	397	503
*Development levels established by the June 2016 Addendum to the San José Downtown Strategy 2000 Final EIR. <sup>1</sup> Approximate number of residential units remaining based upon projects on-file with the City of San José's Planning Department at the time this Revised NOP was circulated.				

The Downtown Strategy 2000 was incorporated into the current Envision San José 2040 General Plan adopted in November 2011. The General Plan slightly increased the growth capacity for housing development within Downtown above the development capacities in the Downtown Strategy 2000, as shown in Table 3 below. Because the Redevelopment Agency has been dissolved and the demand for development within Downtown has increased in recent years, the City determined that an update to the Downtown Strategy 2000 EIR is needed to facilitate additional residential and office development capacity beyond what was envisioned in the General Plan, while maintaining the Downtown Strategy 2000 development capacities for retail and hotel uses. This increase is

consistent with the General Plan 4-Year Review recommendations. The future construction of two BART stations and improvements at Diridon Station are also driving demand for additional development Downtown.

It is the City's intent to utilize the existing information and analysis in the previous Downtown Strategy 2000 and Envision San José 2040 EIRs to the extent feasible while providing as much project-level environmental clearance as possible for future development until 2025. The Project-level analyses will be completed for traffic and traffic-related air quality and noise impacts, such that future analyses may not be required provided the development proposed does not exceed the overall development analyzed. Future environmental analyses may be required for projects that have the potential to result in site specific impacts such as traffic operations (ingress/egress), cultural/historic resources, aesthetics, and hazardous materials; however, environmental review for these future projects could be tiered off the Downtown Strategy 2040 EIR.

### **3.0 RELATIONSHIP TO EXISTING DOWNTOWN STRATEGY 2000**

As previously described, the existing Downtown Strategy 2000 has a total development capacity of 8,500 residential units, with 7,500 allowed in Phase 1. The original Downtown Strategy FEIR evaluated all potential environmental impacts, including traffic, noise, air quality, biological resources, and land use at a program (General Plan/policy) level. The program-level environmental impacts were updated as part of the Envision San José 2040 General Plan EIR, certified in September 2011, and supplemented in December 2015 for adoption of an updated Greenhouse Gas Reduction Strategy. Therefore, the environmental impacts of developing 8,500 residential units within Downtown were evaluated in the 2005 Downtown Strategy FEIR at a program-level, which remains current.

Further, an Addendum to the Downtown Strategy 2000 EIR was prepared to update traffic conditions a decade after the 2005 FEIR was certified. The Director of PBCE determined that no new environmental impacts would occur related to the construction of Phase 1 of the Downtown Strategy 2000 (7,500 residential units). Utilizing 2014-2015 traffic counts and the City's updated CUBE model, it was determined that up to 7,500 units could be constructed within Downtown without resulting in new or different traffic impacts than had been disclosed in the 2005 Downtown Strategy FEIR. For this reason, and those described above, the Downtown Strategy 2000 EIR continues to be an accurate evaluation of program-level and traffic-related project-level impacts of proposed Phase 1 development projects Downtown and will remain in effect until the development levels are achieved or the Downtown Strategy 2040 is approved.

### **4.0 PROJECT LOCATION**

San José's Downtown encompasses approximately three square miles generally bounded by Taylor Street to the north, San José State University and City Hall to the east, Interstate 280 to the south, and the Diridon Station Area to the west. State Route 87 runs in a north/south direction and generally divides Downtown. Los Gatos Creek flows into the Guadalupe River at the confluence of Santa Clara Street on the west side of State Route 87. Downtown boundaries are shown on Figure 2.

## 5.0 DESCRIPTION OF THE DOWNTOWN STRATEGY 2040 PROJECT

The Downtown Strategy 2000 and San José 2040 General Plan envisioned Downtown development as shown in Table 3, below. The City is now proposing to update the Downtown Strategy consistent with the 2040 General Plan and 4-Year Review, and increase the amount of allowed development. The broad recommendations and guiding principles of Strategy 2000 remain generally pertinent to the overall vision for Downtown. The general descriptions of the “Strategies and Actions”, which were programmatic improvements described in Downtown Strategy 2000 and the EIR will be carried over to the Strategy 2040 EIR.

The development levels proposed as part of the Downtown Strategy 2000 were evaluated in the Strategy 2000 and 2040 General Plan EIRs at a program-level. The Downtown Strategy 2040 EIR will evaluate the traffic generated by the revised development capacities shown in Table 3, below, at a project-level (approximately 2025) and program-level (2040).

The retail, and hotel capacity envisioned for Downtown would be the same as envisioned in the Downtown Strategy 2000 and 2040 General Plan. The increase in residential capacity would be achieved by transferring residential units from outlying (beyond the general vicinity of Downtown) Urban Villages and other Growth Areas identified in the General Plan. The increase in office development (or jobs) would be achieved by transferring 10,000 jobs from Coyote Valley development identified in the General Plan, as recommended during the 4-Year General Plan Review process.

<b>TABLE 3</b> <b>PROPOSED DOWNTOWN STRATEGY 2040</b> <b>DEVELOPMENT CAPACITIES</b>				
Land Use	Current Downtown Strategy 2000 (2010 Horizon)	Current 2040 General Plan	Proposed Downtown Strategy 2040	
			2025 (Project Level)	2040 (Program Level)
<b>Residential</b> (in units)	8,500	10,360	14,360	14,360
<b>Office</b> (in sf)	11.2 million	11.2 million	7.5 million*	14.2 million
<b>Retail</b> (in sf)	1.4 million	1.4 million	500,000*	1.4 million
<b>Hotel</b> (in rooms)	3,600	3,600	2,400*	3,600
*These numbers have been reduced from what was envisioned in the Downtown Strategy 2000 to reflect current market demand. It is expected that market demand for office, retail, and hotel space will increase by 2040 as residential development is constructed Downtown.				

The EIRs prepared for the Downtown Strategy 2000 and General Plan included mitigation measures for environmental impacts. These mitigation measures have been included, as appropriate and applicable, as conditions of approval for all approved Phase 1 projects. As part of the Downtown

Strategy 2040 update effort, impacts will be re-analyzed per recent changes in the regulatory and legislative climate, particularly related to air quality, greenhouse gas emissions, and traffic analysis requirements that were not in effect at the time the previous EIR was completed. Mitigation measures, including traffic mitigation measures, previously identified in the Downtown Strategy 2000 will be reviewed and may be revised, as necessary.

Revisions to the Downtown Strategy 2000 EIR, consistent with the 2040 General Plan, could also include:

- 1) Updating the Downtown traffic analysis to reflect current conditions and potentially, the mitigation measures required;
- 2) Reflecting the recently approved Diridon Station Area Plan;
- 3) Revising mitigation measures pertaining to such topics as cultural resources, shade and shadow, biological resources, and stormwater to reflect Envision 2040 General Plan policies;
- 4) Identifying Employment Priority Areas in proximity to the future Downtown BART Station (both options) as described in the recently released BART Silicon Valley Phase II Extension Project SEIS and SEIR (December 2016);
- 5) Changing the Zoning Code regulations and applicable design guidelines for Downtown as necessary to support General Plan policy consistency and implementation;
- 6) Revising the project phasing;
- 7) Amending the General Plan's Land Use/Transportation Diagram to reflect a slight modification to the boundaries of Downtown along North 4th Street between East St. John and East Julian Streets (Figure 3);
- 8) Amending the General Plan Land Use/Transportation Diagram to change the land use designation from *CIC Combined Industrial/Commercial* to a combination of *Downtown* and *Commercial Downtown* on an approximately 10-acre site generally located south of Coleman Avenue between SR-87 and the Guadalupe River to allow a mix of residential and commercial development;
- 9) Amending the General Plan Land Use/Transportation Diagram to change the land use designation from *Downtown* to *CIC Combined Industrial/Commercial* on approximately 2.05 acres located on the north side of Ryland Street, east of SR-87, and south and west of Coleman Avenue;
- 10) Amending General Plan Transportation Policies and/or Council Policy 5-3 if necessary to implement SB 743; and
- 11) Other General Plan amendments as necessary to update Strategy 2000, such as extending the horizon year and changing the General Plan Land Use/Transportation Diagram to reflect modifications to the boundaries of Downtown.

## **6.0 ENVIRONMENTAL IMPACTS TO BE ANALYZED**

The EIR will address the environmental impacts associated with the proposed Downtown Strategy 2040. The City anticipates that the EIR will focus on the following issues:

## Land Use

The EIR will describe existing land uses in the Downtown and the project's consistency with plans and policies including the current Envision San José 2040 General Plan and General Plan Land Use/Transportation Diagram. The EIR will describe the changes in land uses proposed by the project and identify land use compatibility impacts, as necessary. Mitigation measures will be described for any significant land use impacts.

## Transportation

The EIR will describe the existing traffic conditions in the Downtown and compare them to project traffic conditions, based on a Traffic Impact Analysis (TIA) to be completed according to the requirements of the City and Santa Clara Valley Transportation Authority (VTA). Implications of the recently enacted Senate Bill 743 will be considered. The TIA will build on the analysis completed for the Strategy 2000 and General Plan 2040 EIRs. Vehicle miles travelled (VMT) will be calculated and Transportation Demand Measures (TDMs) will be described. Traffic impacts resulting from the proposed project and feasible mitigation measures for significant impacts will be identified.

## Noise and Vibration

The EIR will describe the existing noise environment and noise impacts to and from the proposed project, using the analysis in the Strategy 2000 and General Plan EIRs to the extent possible. Noise impacts will be identified for: (1) proposed land use changes that will expose new sensitive receptors to noise or vibration levels exceeding those considered normally acceptable based on the City's policies; and (2) changes in the noise environment resulting from the project, including those related to traffic. Mitigation measures will be identified, as appropriate.

## Air Quality

The EIR will describe existing local and regional air quality and the air quality impacts of the proposed project in accordance with the Bay Area Air Quality Management District (BAAQMD) CEQA Guidelines. The impact of the project on local emissions and regional air quality plans will be analyzed. Impacts on the proposed land use scenarios from toxic air contaminants and diesel particulate matter will also be analyzed to the extent possible for project-level development. Mitigation measures will be identified, as appropriate.

## Biological Resources

The EIR will include a description of the existing biological setting and an analysis of impacts to biological resources such as habitats, special-status species, and biologically sensitive areas, based on the analysis included in the Strategy 2000 and General Plan EIRs. Impacts from the proposed project will be described and mitigation measures including the Santa Clara Valley Habitat Conservation Plan (the "Habitat Plan") will be identified, as appropriate.

## Geology, Soils and Seismicity

The EIR will identify geologic and seismic hazards based on the Strategy 2000 and General Plan EIRs to the extent possible. The EIR will describe any geologic constraints or risks resulting in impacts to development proposed and identify mitigation measures, as appropriate.



### Hydrology and Water Quality

The EIR will describe existing hydrology and water quality and will evaluate flooding, drainage, and water quality impacts that would result from or impact development in the Downtown. Information from the Strategy 2000 and General Plan EIRs will be utilized to the extent possible. The EIR will identify mitigation measures, as appropriate.

### Hazardous Materials and Hazards

The EIR will describe existing conditions and impacts resulting from hazardous materials contamination from current or former uses in the Downtown using information in the Strategy 2000 and General Plan EIRs to the extent possible. Hazards associated with aircraft operations of the Norman Y. Mineta San José International Airport will also be described. Mitigation measures will be identified for impacts resulting from or to development included in the project, as appropriate.

### Public Services

Increases in demand for public services resulting from the project will be estimated in the EIR based upon a qualitative estimate of demand for school, police, fire, and medical services and estimates of per capita demand for parks and libraries. Likely impacts to the physical environment that could result from these increased demands will be identified. Mitigation measures, such as in-lieu fees, parkland or school site dedication, and other programs and funding mechanisms for new facilities will be identified, as appropriate.

### Utilities and Service Systems

The EIR will describe the anticipated demand for utilities and services, including water, sanitary sewer, storm sewer, and solid waste resulting from the proposed project. Exceedance of the existing capacity of existing infrastructure, such as water, stormwater, and sanitary sewer pipelines will be identified. Mitigation measures for utility and service impacts will be identified, as appropriate.

### Cultural Resources

The EIR will describe existing cultural resources in the Downtown based upon available inventories of historic resources in the Downtown, including the Strategy 2000 and General Plan EIRs. The potential for cultural or historic resources to be affected by development will be assessed. Mitigation measures will be identified for significant cultural resource impacts, as appropriate.

### Aesthetics and Visual Resources

The EIR will describe the existing visual character of the Downtown. The EIR will evaluate the aesthetic changes that will result from implementation of the proposed project. Mitigation measures for aesthetic and visual resource impacts will be identified, as appropriate.

### Energy

In conformance with Appendix F of the CEQA Guidelines, the EIR will identify the potential for the project to result in significant energy impacts. Mitigation measures for energy impacts will be identified, as appropriate.

### Population and Housing

The EIR will describe anticipated changes in projected population, jobs, and housing as a result of the proposed project. Population and housing impacts will be addressed and mitigation measures identified, as appropriate.

### Global Climate Change and Greenhouse Gas Emissions

The EIR will describe the regulatory context surrounding the issue of global climate change and will evaluate the greenhouse gas emissions and contribution to global climate change resulting from the project. The EIR will also discuss impacts resulting from the effects of global climate change consistent with the City's Climate Reduction Strategy. Mitigation measures will be identified, as appropriate.

### Cumulative Impacts

The EIR will discuss the cumulative impacts of the project in combination with other past, present or reasonably foreseeable project-level and programmatic projects. Mitigation measures will be identified to reduce and/or avoid significant impacts, as appropriate.

### Alternatives

The EIR will evaluate possible alternatives to the project, based on the results of the environmental analysis. The alternatives discussion will focus on those alternatives that could feasibly accomplish most of the basic purposes of the Downtown Strategy 2040 and could avoid or substantially lessen one or more of the significant environmental effects identified in the EIR (CEQA Guidelines Section 15126.6). The environmentally superior alternative(s) will be identified based on the number and degree of associated environmental impacts.

### Other Sections

The EIR will also include all other sections required under the CEQA Guidelines, including: 1) Growth Inducing Impacts; 2) Significant Unavoidable Impacts; 3) Significant Irreversible Environmental Changes; 4) Consistency with Plans and Policies; 5) References; and 6) EIR Authors. Relevant technical reports will be provided as appendices.